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To the Shareholders of
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REPORT OF THE REVISEUR D'ENTREPRISES

Report on the consolidated financial statements

Following our appointment, we have audited the accompanying consolidated financial statements of CNPV SOLAR POWER S.A., which comprise the consolidated balance sheet as at December 31, 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Director's responsibility for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of consolidated financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Réviseur d'entreprises

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des réviseurs d'entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the réviseur d'entreprises, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risks assessments, the réviseur d'entreprises considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of CNPV SOLAR POWER S.A. as of December 31, 2009, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).

Report on other legal and regulatory repuirements

The management report, which is the responsibility of the board of directors, is consistent with the consolidated financial statements.

Luxembourg, April 30, 2010

Thierry REMACLE
Réviseur d'Entreprises Agréé
Grant Thornton Lux Audit S.A.

CNPV SOLAR POWER S.A.
Société Anonyme
RCS Luxembourg B - 139925

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009

CNPV SOLAR POWER S.A.
Société Anonyme
R.C.S. Luxembourg B – 139925
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009
(Expressed in EUR)

LIST OF CONTENTS

		Page
-	Consolidated income statement	1
-	Consolidated statement of comprehensive income	2
-	Consolidated statement of financial position	3
-	Consolidated statement of changes in equity	4
-	Consolidated statement of cash flows	5
-	Notes to the consolidated financial statements	6 – 31

CNPV SOLAR POWER S.A.
Société Anonyme
R.C.S. Luxembourg B - 139925
December 31, 2009
(Expressed in EUR)
CONSOLIDATED INCOME STATEMENT

	Notes	2009	2008
		EUR	EUR
Revenue	3	72.609.818	48.898.057
Cost of sales	3	(54.556.369)	(38.433.476)
Business tax		(611.400)	(364.029)
Gross profit		**17.442.049**	**10.100.552**
Other operating income	4	708.583	251.782
Other operating expenses	9	(870)	(165.792)
Selling and distribution expenses	6	(935.994)	(192.010)
Administrative expenses	5	(2.731.623)	(2.388.429)
Impairment for the year	10	(71.905)	(475.491)
Profit from operations		**14.410.240**	**7.130.613**
Finance costs	8	(1.765.441)	(821.937)
Profit before income tax		**12.644.799**	**6.308.676**
Income tax (expense)/benefit	11	(1.581.930)	118.873
Net profit for the year		**11.062.869**	**6.427.549**

Earnings per share:		EUR	EUR
Basic earnings per share	24		
Profit from continuing operations		2,172	1,262
Loss from discontinued operations		-	-
Total		2,172	1,262
Diluted earnings per share			
Profit from continuing operations		2,172	1,262
Loss from discontinued operations		-	-
Total		2,172	1,262

The accompanying notes form an integral part of these consolidated financial statements.

CNPV SOLAR POWER S.A.
Société Anonyme
R.C.S. Luxembourg B - 139925
December 31, 2009
(Expressed in EUR)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2009 EUR	2008 EUR
Net profit for the year	**11.062.869**	**6.427.549**
Other comprehensive income:		
Exchange differences on translation of financial statements of foreign operations	(664.438)	1.916.255
Other comprehensive income for the year	(664.438)	1.916.255
Total comprehensive income for the year	**10.398.430**	**8.343.804**

The accompanying notes form an integral part of these consolidated financial statements.

CNPV SOLAR POWER S.A.
Société Anonyme
R.C.S. Luxembourg B - 139925
December 31, 2009
(Expressed in EUR)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	**Notes**	**31 December 2009**	**31 December 2008**
		EUR	**EUR**
Non-current assets			
Property, plant and equipment	12	15.736.397	11.031.468
Intangible assets	13	16.562.482	1,127,802
Deferred tax assets	14	260.317	245.794
		32.559.196	12.405.064
Current assets			
Inventories	15	3.285.401	2.113.276
Trade and other receivables	16	27.054.475	18.217.270
Due from related parties	17	2.890.434	5.943.947
Cash and cash equivalents	18	10.593.286	905.419
Deferred charges		-	2.795
		43.823.596	27.182.707
Total Assets		**76.382.792**	**39.587.771**
EQUITY			
Capital and reserves			
Share capital	23	509.403	509.403
Share premium		12.293.043	12.293.043
Consolidated reserves		12.086.539	5.658.989
Foreign currency translation reserve		1.251.816	1.916.255
Profit for the year		11.062.869	6.427.549
		37.203.670	**26.805.239**
LIABILITIES			
Non-current liabilities			
Deferred income, non current	19	915.892	947.242
Long term borrowings	21	5.115.000	-
		6.030.892	947.242
Current liabilities			
Short-term loan	20	21.212.928	5.815.705
Trade and other payables	22	8.269.914	5.520.963
Due to related parties	17	2.144.202	417.313
Income tax payable		1.501.093	60.975
Deferred income, current	19	20.093	20.334
		33.148.230	11.835.290
		39.179.122	**12.782.532**
Total equity and liabilities		**76.382.792**	**39.587.771**

The accompanying notes form an integral part of these consolidated financial statements.

CNPV SOLAR POWER S.A.
Société Anonyme
R.C.S. Luxembourg B - 139925
December 31, 2009
(Expressed in EUR)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Paid-up capital	Share premium	Consolidated reserves	Foreign currency translation reserve	Profit for the year	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Balance at 31 Dec. 2007	**466.000**	**7.584.000**	**-**	**-**	**(113.725)**	**7.936.275**
Capital increase August 12, 2008	43.403	5.078.128	-	-	-	5.121.531
Capital increase's expenses	-	(369.085)	-	-	-	(369.085)
Consolidated reserves	-	-	5.772.714	-	-	5.772.714
Profit allocation	-	-	(113.725)	-	113.725	-
Currency Translation Adjustment	-	-	-	1.916.255	-	1.916.255
Net profit for the financial period	-	-	-	-	6.427.549	6.427.549
Balance at 31 Dec. 2008	**509.403**	**12.293.043**	**5.658.989**	**1.916.255**	**6.427.549**	**26.805.239**
Balance at 31 Dec. 2008	**509.403**	**12.293.043**	**5.658.989**	**1.916.255**	**6.427.549**	**26.805.239**
Consolidated reserves	-	-	-	-	-	-
Profit allocation	-	-	6.427.549	-	(6.427.549)	-
Currency translation adjustment	-	-	-	(664.438)	-	(664.438)
Net profit for the financial period	-	-	-	-	11,062.869	11.062.869
Balance at 31 Dec. 2009	**509,403**	**12.293.043**	**12,086,538**	**1,251,817**	**11,062,869**	**37,203,670**

The accompanying notes form an integral part of these consolidated financial statements.

CNPV SOLAR POWER S.A.
Société Anonyme
R.C.S. Luxembourg B - 139925
December 31, 2009
(Expressed in EUR)
CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	31 December 2009	31 December 2008
		EUR	EUR
Operating activities			
Profit before tax		12.644.799	6.308.676
Adjustments:			
Amortization of land use rights		24.109	21.878
Depreciation of property, plant and equipment		761.405	547.298
Impairment for assets		71.905	475.491
Amortization of deferred capital grant		(20.708)	(19.198)
Interest income		(8.060)	(39.954)
Interest expense		914.463	297.244
Accrued expenses		46.464	3.425
Exchange loss		(92.984)	455.559
Others		-	37.493
		1.696.594	1.779.236
Net changes in working capital:			
Deferred charges		-	(2.795)
Inventories		(1.172.125)	(917.153)
Trade and other receivables		(8.836.737)	(14.479.769)
Income tax payable		1.440.118	-
Due from related parties		2.929.088	(129.507)
Trade and other payables		2.677.825	(3.799.614)
Due to related parties		1.851.313	(1.065.829)
		(1.110.518)	(20.394.667)
Interest received		8.060	39.954
Taxes paid		(114.860)	(118.873)
		13.124.076	**(12.385.674)**
Investing activities			
Acquisition of financial investment		-	(4.800.000)
Purchase of property, plant and equipment		(5.745.293)	(3.311.971)
Purchase of land use rights		(15.944.846)	-
		(21.690.139)	(8.111.971)
Financing activities			
Capital injection		-	16.288.464
Repayment for short-term loan		(14.274.369)	-
Proceed from short-term loan		26.209.875	4.882.913
Proceeds from long-term bank borrowings		5.271.500	-
Repayments to long-term bank borrowings		(1.582.734)	-
Proceeds from issuance of notes payable		3.466.538	-
Interest paid		(914.235)	(296.579)
		18.176.575	20.874.798
Net change in cash and cash equivalents		9.610.513	377.153
Cash and cash equivalents, beginning of period		905.419	523.817
Exchange differences on cash and cash equivalents		77.354	4.449
Cash and cash equivalents, end of period		10.593.286	905.419

The accompanying notes form an integral part of these consolidated financial statements.

NOTE 1 - GENERAL INFORMATION

CNPV Solar POWER S.A. (the "Company", anc. China Solar Photovoltaic S.A.) has been incorporated in Luxembourg on July 11, 2008 for an unlimited period for the purpose of the admission on Alternext. The company is the holding and the Group's main activity is building and sale of photovoltaic modules.

The registered office of the Company is established in Luxembourg.

The company acquired 100% of CNPV Solar Power Group Limited (Hong Kong) by way of contribution in kind based on its consolidated net asset value as at December 31, 2007 determined on the basis of its audited consolidated financial statements issued on June 6, 2008.

CNPV Solar Power Group Limited acquired the existing company as stated below by the following restructuring exercise.

Name of the Company	Date and place of incorporation	Paid-up capital	Percentage of equity held	Principal activities
Dongying Photovoltaic Power Co., Ltd.	Dongying, P. R. China April 21 2006	RMB 20.000.000	100%	Manufacturing and selling solar battery accessories.

The consolidated financial statements are presented in EUR, which is also the functional currency of the parent company.

The consolidated financial statements have been approved for issue by the Board of Directors on April 23, 2010.

The restructuring exercise

To rationalize the corporate structure and streamline the operations, a restructuring exercise was carried out as described below (the "Restructuring Exercise").

a) Incorporation of the Company

CNPV Solar Power Group Limited was incorporated on May 17, 2007 under the name of "China Solar Photovoltaic Group Limited" with an authorized share capital and initial issued capital of HK$ 10.000 comprising 10.000 ordinary shares, of which 6.301 shares were subscribed by the former shareholders of Dongying Photovoltaic Power Co., Ltd.

b) Increase the capital reserves of CNPV Solar Power Group Limited

The investors totally increased in capital reserve HK 169.587.680 in the financial year ended December 31, 2008.

c) Become a 100% subsidiary of CNPV SOLAR POWER S.A.

On July 14, 2008, CNPV SOLAR POWER S.A. which was registered in Luxembourg acquired 100% shares of the company by way of contribution in kind based on its consolidated net asset value as at December 31, 2007 determined on the basis of its audited consolidated financial statements issued on June 6, 2008.

d) Acquisition of Dongying Photovoltaic

On Augustus 20, 2007, CNPV Solar Power Group Limited entered into the share purchase agreement with the former shareholders of Dongying Photovoltaic to acquire all their shares in Dongying Photovoltaic whose paid-up capital is RMB 20.000.000. The consideration for the acquisition is RMB 20.000.000.

e) Increase of the registered capital of Dongying Photovoltaic

The company increased the registered capital of Dongying Photovoltaic to RMB 225.000.000 on September 25, 2007. As at December 31, 2007, the paid-up capital Dongying Photovoltaic was RMB 43.672.675. The residual part would be paid up in two years after the alternation of the business register.

On January 1, 2008, China Solar Photovoltaic Group Limited contributed RMB 21.423.693 as paid-up capital to Dongying Photovoltaic

On Augustus 27, 2008, China Solar Photovoltaic Group Limited contributed RMB 46.246.560 as paid-up capital to Dongying Photovoltaic

On December 25, 2008, China Solar Photovoltaic Group Limited contributed RMB 7.929.412 as paid-up capital to Dongying Photovoltaic

On December 25, 2008, China Solar Photovoltaic Group Limited contributed RMB 7.860.090 as paid-up capital to Dongying Photovoltaic

On December 31, 2008, China Solar Photovoltaic Group Limited contributed RMB 7.932.573 as paid-up capital to Dongying Photovoltaic

On March 11, 2009, China Solar Photovoltaic Group Limited contributed RMB 26.997.065 as paid-up capital to Dongying Photovoltaic.

On March 18, 2009, China Solar Photovoltaic Group Limited contributed RMB 31.290.102 as paid-up capital to Dongying Photovoltaic.

On March 30, 2009, China Solar Photovoltaic Group Limited contributed RMB 30.110.604 as paid-up capital to Dongying Photovoltaic.

After the total injection in paid-up capital, the total amount of paid-up capital was RMB 223.462.774 as at December 31, 2009.

f) On November 11, 2009, Dongying TaiHe Solar Power Company Limited (“TaiHe”) was incorporated under the laws of the People’s Republic of China (the “PRC”) as a wholly owned subsidiary of Dongying. Dongying contributed an initial registered capital amount of RMB 5.000.000. On February 2, 2010, Dongying invested an additional RMB 64 million in TaiHe, resulting in an increase in additional paid-in capital of RMB 69.000.000.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB) and adopted by the European Union.

The acquisition by CNPV Solar Power Group Limited of a 100% interest in Dongying Photovoltaic, involved the addition to the Group of newly created shell company, which did not have any trades or operations of their own. These transactions did not represent business combinations as defined in IFRS 3 “Business Combination”, and there is no guidance elsewhere in IFRS which covers the accounting for such transactions.

In the absence of an international standard or interpretation that specifically applies to a transaction, paragraphs 10 to 12 of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” set out the approach to be followed. This requires, inter alia, that where IFRS does not include guidance for a particular issue, the Directors may also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards.

Under this circumstance, the financial statements of the Group for the financial years ended December 31, 2008 were prepared using the historical cost method in a manner similar to the merge accounting method as if the restructuring exercise had been completed on April 21, 2006. In consequence, no goodwill arises in respect of these transactions.

It is noted that in this case, the application of merger accounting results in the amounts reported in the Group’s consolidated income statements, consolidated balance sheets and consolidated cash flow statements being the same as if the principles of reverse acquisition accounting, as set out in IFRS 3, were followed.

Basis of consolidation

A subsidiary is a company controlled by the Company. Control is achieved when the Company has the power, directly or indirectly, to govern its financial and operating policies of the company so as to acquire benefit form its activities. Investment in subsidiary is stated in the Company’s balance sheet at cost less any impairment losses.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for transactions and events in similar circumstances.

All inter-group balances, transactions, income, expenses, profits and losses resulting from inter-group transactions that are recognized as assets, are eliminated in full. Subsidiary is fully combined from the date of acquisition, being the date on which the Group obtains control, and continues to be combined until the date such control ceases.

Except as disclosed in Note 2, acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Identified assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. Any excess of the cost of the business combination over the Group’s interest in the net fair value of the identified assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognized in the income statement on the date of acquisition.

Group Structure

All subsidiaries are consolidated following the global integration method. All the reporting dates of the financial statements of subsidiaries are the same as the reporting date used for the consolidated financial statement (December 31, 2009).

The hold interests of the Company in consolidated subsidiary companies are:

Company	Country	% of interests	% of votes
CNPV Solar Power Group Ltd	Hong Kong	100 %	100 %
Dongying Photovoltaic Power Co., Ltd.	P. R. China	100 %	100 %
Dongying Taihe Solar Power Co., Ltd.	P. R. China	100 %	100 %

Foreign currency translation

Functional and presentation currency

The functional currency of the Group is Renminbi Yuan ("RMB"). As sales and purchases are denominated primarily in RMB and receipts from operations are usually retained in RMB, the directors are of the opinion that RMB reflects the economic substance of the underlying events and circumstances relevant to the Group.

Monetary assets and liabilities maintained in currencies other than RMB are translated into the RMB at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than RMB are translated at rates ruling on the transaction dates. All resulting exchange differences are dealt with in the income statements.

The presentation currency of the Group is EUR and therefore the financial statements have been translated from RMB to EUR at the following exchange rates:

Date	Year end rates	Average rates
December 31, 2008	EUR 1,00 = RMB 9,6590	EUR 1,00 = RMB 10,2305
December 31, 2009	EUR 1,00 = RMB 9,7752	EUR 1,00 = RMB 9,4850

Assets and liabilities are translated into EUR at the closing rate, and all income and expenses are translated at the average rate during the financial year, being an approximation for the actual rates at the date of the transactions. All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Accounting Pronouncement effective for accounting periods beginning on or after July 1, 2009

As at the date of the balance sheet, the following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's ~~company's~~ accounting periods beginning on or after July 1, 2009, but the Group has not early adopted them.

IFRS 3 (revised) Business combinations.
IAS 27 (revised) Consolidated and separate financial statements.

The adoption of these IFRS and IAS will have no material effect on the consolidated financial statements of the Group.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

Sales of goods
Revenue is recognized upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognized to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income
Interest income is recognized as the interest accrues taking into account the effective yield of an asset.

Government grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with. When the grant relates to an expense item, it is recognized in the income statement over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Employee benefits

Defined contribution plan

Contributions to defined contribution plans are recognized as an expense in the income statement in the same financial period as the employment that gives rise to the contributions.

Pursuant to the relevant regulations of the PRC government, the Group has participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the Group is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above.

Contributions under the Scheme are charged to the income statement as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

Finance costs

Interest expense and similar charges are expensed in the income statement in the financial period in which they are incurred.

Income tax

Income tax for the financial period comprises current and deferred taxes. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case such income tax is recognized in equity.

Current tax is the expected tax payable on the taxable income for the financial period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to income tax payable in respect of previous financial periods.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use.

Depreciation is calculated on the straight-line method so as to write off the cost of property, plant and equipment over their estimated useful lives as follows:

	Estimated residual value	Useful life (years)	Annual depreciation rate
Plant	10%	20	4,50%
Machinery	10%	10	9,00%
Motor vehicle	10%	8	11,25%
Office equipment	10%	5	18,00%

Fully depreciated property, plant and equipment are retained in the financial statements until such time when they are no longer in use.

Construction in progress represents property, plant and equipment under construction and is stated at cost.

No provision for depreciation is made on construction in progress until such time when the relevant assets are completed and put into use.

Land use rights

Land use rights are stated at cost less accumulated amortization and any impairment losses. Amortization is calculated on a straight-line basis to write-off the cost of the land use rights over the lease terms.

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the income statement, unless the relevant assets are carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognized immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs comprise direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial assets

Except for the loans and receivables, the Group has not classified any of its financial assets as other categories.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provision is recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being made based on past experience after analysis the ageing of receivable.

For trade receivable, which are reported, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that trade receivables will not be collectable, the gross carrying value of the assets is written off against the associated provision. The impairment provision offset the carrying amounts only to the extent that their carrying amounts are offset in the balance sheet.

The Group's loans and receivables comprise trade and other receivables, amounts due from related parties and cash and cash equivalents in the balance sheet.

Cash and cash equivalents comprise cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities and equity

The Group classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Financial liabilities of the Group include trade and other payables, amounts due to related parties, bank borrowings.

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Bank borrowings are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes initial transaction costs and prepayable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Unless otherwise stated, book value of financial liabilities is not materially different from their fair values.
Equity instruments are recorded net of direct issue costs

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognized where:

- The contractual rights to receive cash flows from the asset have expired;
- The Group retains the contractual rights to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a pass through arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (i) has transferred substantially all the risks and rewards of the asset or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measure at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase except that in the case of a written put option on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the income statement.

Leases

Operating lease

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Share capital

Ordinary share capital is recognized at the fair value of the consideration received by the Group.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of assets and liabilities within the next financial period are discussed below.

Depreciation of property, plant and equipment

These assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 5 to 20 years. The carrying amounts of the Group's plant and equipment as at December 31, 2009 were approximately EUR 15.736.397 (in 2008: EUR 11.031.468). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Income taxes

The Group has exposure of income tax in the PRC. Significant judgment is involved in determining the Group's provisions for income taxes.

The Group recognized liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provision in the financial period in which such determination is made.

Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment loss

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant assets is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

The Group's revenue, assets, liabilities and capital expenditures are almost entirely attributable to a single business segment of building and sales of PV Modules and a single location which is the P. R. China; therefore, no segments are presented.

NOTE 3 – REVENUE & COST OF GOODS SOLD

	2009	2008
3.1 Revenue	**EUR**	**EUR**
3.1.1 Revenue categories		
Sales of solar battery accessories	52.183.934	31.112.512
Project revenue	20.379.987	12.134.304
Original Equipment Manufacturing (OEM)	45.898	5.651.241
	72.609.818	48.898.057
3.1.2 Revenue from different regions		
Domestic sales	20.219.897	43.204.962
Oversea sales	52.389.921	5.693.095
	72.609.818	48.898.057
3.2 Cost of goods sold		
3.2.1 Cost of goods sold from different revenue categories		
Cost of goods sold for solar battery accessories		
Raw materials	40.386.420	28.358.624
Reversal of inventory write down	(295.940)	-
Other expenses	1.670.437	387.408
	41.760.917	28.746.032

Cost of goods sold for project		
Raw materials	12.255.739	8.758.356
Other expenses	510.656	472.862
	12.766.395	9.231.218
Cost of goods sold for OEM		
Overhead	29.057	456.226
	29.057	456.226
Total Cost of goods sold from different segments	**54.556.369**	**38.433.476**

3.2.2 Cost of goods sold from different regions

Cost of goods sold for domestic sales		
Raw materials	15.285.683	31.927.802
Other expenses	665.960	1.245.607
	15.951.643	33.173.409
Cost of goods sold for oversea sales		
Raw materials	37.356.477	5.189.177
Reversal of inventory write down	(295.940)	-
Other expenses	1.544.189	70.890
	38.604.726	5.260.067

NOTE 4 – OTHER OPERATING INCOME

	2009	**2008**
	EUR	**EUR**
Government grant	20.708	45.981
Interest income	8.060	39.954
Currency exchange gains	617.676	165.207
Others	62.139	640
	708.583	**251.782**

NOTE 5 – ADMINISTRATIVE EXPENSES

	2009 EUR	2008 EUR
Salaries	393.764	255.477
Information technology service fee	307.856	-
Travelling expense	239.495	231.238
Insurance expense	207.011	-
Commission	179.288	537.111
Miscellaneous	375.922	127.319
Depreciation	92.250	57.994
Entertainment	64.772	29.318
Low value and consumable	163.670	110.950
Audit and consulting expense	221.374	200.385
Others	472.873	617.729
Training expense	13.348	220.908
	2.731.623	**2.388.429**

NOTE 6 – SELLING AND DISTRIBUTION EXPENSES

	2009 EUR	2008 EUR
Exhibition Fee	168.109	98.259
Advertisement Fee	273.350	-
Salaries	127.710	30.729
Others	87.369	19.674
Travelling Fee	64.196	-
Conference expense	12.651	-
Transport And Freight	202.609	43.348
	935.994	**192.010**

NOTE 7 – STAFF COSTS

	2009	2008
Average number of employees of the Group		
Management and administration	89	54
Sales	30	12
Manufacturing	454	292
	573	**358**

The accompanying notes form an integral part of these consolidated financial statements.

	EUR	EUR
The aggregate payroll costs of these employees was as follows:		
Salaries	945.904	493.813
Welfare	25.280	29.407
	971.184	**523.220**

Directors' remuneration was as follows:

	2009 Salary EUR	***2009 Benefit EUR***	***2009 Total EUR***	***2008 Salary EUR***	***2008 Benefit EUR***	***2008 Total EUR***
Wang An Quan	37.587	804	38.391	20.996	-	20.996
Zhang Shun Fu	36.644	1.607	38.251	28.858	36	28.894
Yangfan	-	-	-	4.567	-	4.567
Lihao	-	-	-	6.580	-	6.580
Lvpeng	-	-	-	6.580	-	6.580
BypinaVeerraju Chaudary	29.700	-	29.700	-	-	-
Christophe Blondeau	2.500	-	2.500	-	-	-
	106.431	**2.411**	**108.842**	**67.581**	**36**	**67.617**

NOTE 8 – FINANCE COSTS

	2009 EUR	2008 EUR
Miscellaneous expense	1.714	-
Interest expenses	914.462	286.355
Bank service charge	38.800	11.329
Currency translation loss	810.465	524.253
	1.765.441	**821.937**

NOTE 9 – OTHER OPERATING EXPENSES

	2009 EUR	2008 EUR
Donation	-	15.835
Others	870	149.957
	870	**165.792**

NOTE 10 – IMPAIRMENT LOSS

	2009 EUR	2008 EUR
Trade and others	71.905	201.116
Inventories	-	274.375
	71.905	**475.491**

NOTE 11 – INCOME TAX

(a) Applicable tax rate

Before the implementation of the new Enterprise Income Tax Law ("EIT Law") as discussed below, Foreign Invested Entities ("FIE") established in the PRC were generally subject to an enterprise income tax ("EIT") rate of 33%, which includes a 30% state income tax and a 3% local income tax. During the year ended December 31, 2007, Dongying applied for and was approved by the local tax authority in the PRC, for a two-year exemption from EIT followed by 50% tax exemption for the next three calendar years. As a result, Dongying was exempt from EIT for the calendar years 2007 and 2008 and would be subject to a half statutory income tax rate for the calendar years 2009, 2010 and 2011.

On March 16, 2007, the National People's Congress of China passed new EIT Laws, and on December 6, 2007, the State Council of China passed the Implementing Rules for the EIT Law ("Implementing Rules") which took effect on January 1, 2008. The EIT Law and Implementing Rules impose a unified EIT of 25% on all domestic-invested enterprises and FIEs, unless they qualify under certain limited exceptions. Therefore, nearly all FIEs are subject to the new tax rate alongside other domestic businesses rather than benefiting from the old FIE tax laws, and its associated preferential tax treatments, beginning January 1, 2008.

Despite these pending changes, the EIT Law gives existing FIEs a five-year grandfather period during which they can continue to enjoy their existing preferential tax treatments. Dongying is subject to an EIT rate of 12,5% for the calendar year of 2009, 2010 and 2011 and will be subject to EIT rate of 25% for 2012 and beyond.

(b) Components of income tax expense/benefit

	2009 EUR	2008 EUR
Current income tax	1.599.907	-
Deferred income tax	(17.977)	(118.873)
	1.581.930	(118.873)

(c) Reconciliation of effective tax rate

Profit before tax	12.644.799	6.308.676
Profit before tax at statutory tax rate of 25%	3.161.200	1.598.229
Non - deductible expenses	(8.988)	9.640.203
Tax exemption	(1.570.282)	(11.357.305)
	1.581.930	(118.873)

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

December 31, 2008	Plant	Machinery	Motor vehicle	Office equipment	Construction in progress	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Cost						
Balance as at 1.1.2008	4.178.596	2.162.524	78.738	191.030	1.278.482	7.889.370
Acquisition through business	1.570.034	1.334.624	48.316	268.447	1.025.556	4.246.977
Transfer or disposition	-	-	-	-	(1.333.018)	(1.333.018)
Foreign difference	528.916	304.621	11.075	35.818	115.216	995.647
Balance as at 31.12.2008	6.277.546	3.801.769	138.130	495.295	1.086.236	11.798.976
Accumulated depreciation						
Balance as at 1.1.2008	-	160.649	4.698	4.526	-	169.873
Acquisition through business	163.740	317.729	9.580	56.461	-	547.510
Foreign difference	9.689	35.564	1.059	3.813	-	50.125
Balance as at 31.12.2008	173.429	513.942	15.337	64.800	-	767.508
Net book value						
Balance as at 1.1.2008	4.178.596	2.001.875	74.040	186.504	1.278.482	7.719.497
Balance as at 31.12.2008	**6.104.117**	**3.287.827**	**122.793**	**430.495**	**1.086.236**	**11.031.468**

December 31, 2009	Plant	Machinery	Motor vehicle	Office equipment	Construction in progress	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Cost						
Balance as at 1.1.2009	6.277.546	3.801.769	138.130	495.295	1.086.236	11.798.976
Acquisition through business	-	1.733.663	19.565	105.060	4.551.266	6.409.554
Transfer or disposition	-	-	-	-	(664.266)	(664.266)
Foreign difference	(74.581)	(96.636)	(2.222)	(8.933)	(128.302)	(310.675)
Balance as at 31.12.2009	6.202.965	5.438.796	155.473	591.421	4.844.934	17.233.590
Accumulated depreciation						
Balance as at 1.1.2009	173.429	513.942	15.337	64.800	-	767.508
Acquisition through business	252.872	407.383	16.534	84.616	-	761.405
Foreign difference	(9.568)	(18.200)	(674)	(3.279)	-	(31.720)
Balance as at 31.12.2009	416.733	903.124	31.197	146.137	-	1.497.193
Net book value						
Balance as at 1.1.2009	6.104.117	3.287.827	122.793	430.495	1.086.236	11.031.468
Balance as at 31.12.2009	**5.786.232**	**4.535.672**	**124.275**	**445.285**	**4.844.934**	**15.736.397**

The accompanying notes form an integral part of these consolidated financial statements.

NOTE 13 – INTANGIBLE ASSETS

	Land use right		Software	
	2009	2008	2009	2008
	EUR	EUR	EUR	EUR
Cost				
Balance at beginning of the financial year	1.183.713	1.071.866	497	-
Additions	15.941.016	-	3.830	497
Foreign exchange differences	(487.323)	111.847	(120)	-
Balance at the end of financial year	16.637.406	1.183.713	4.207	497
Accumulated amortization				
Balance at beginning of the financial year	56.408	29.645	-	-
Amortisation for the financial year	24.109	22.348	-	-
Foreign exchange differences	(1.386)	4.415	-	-
Balance at the end of financial year	79.131	56.408	-	-
Net book value				
Balance as at January 1	**1.127.305**	**1.042.221**	**497**	**-**
Balance as at December 31	**16.558.275**	**1.127.305**	**4.207**	**497**

NOTE 14 – DEFERRED TAX ASSETS

	2009	2008
	EUR	EUR
Tax effect for of temporary difference arising from:		
Allowance for doubtful trade and other receivables	260.317	245.794
	260.317	245.794

NOTE 15 – INVENTORY

	2009	2008
	EUR	EUR
Raw materials	1.388.919	1.131.920
Package and accessorial materials	41.646	19.588
Finished goods	592.368	909.307
Working in progress	1.262.468	52.461
	3.285.401	**2.113.276**

NOTE 16 – TRADE AND OTHER RECEIVABLES

	2009 EUR	2008 EUR
Trade receivables	12.520.703	1.379.949
Allowance for doubtful trade receivables	(243.084)	(357.130)
Other tax receivable	1.317.988	-
Trade receivables-net	13.595.607	1.022.819
Advances to suppliers	11.598.989	16.528.049
Other receivables, Prepayments, deposits	2.370.903	1.001.840
Allowance for doubtful other receivables	(511.024)	(335.438)
Other receivables-net	13.458.868	17.194.451
	27.054.475	**18.217.270**

As at December 31, 2009, the aging analysis of trade and other receivables is as following:

Neither past due nor impaired	25.231.662	17.783.334
Past due and partially impaired		
90-180 days	168.301	291.094
180-360 days	706.707	343.902
Over 360 days	383.925	491.508
Total	**26.490.595**	**18.909.838**

The aging analysis method used to accrue bad debt is as follows:

Aging	**Percentage**
90 days -180 days	10%
180days -360 days	50%
360days	100%

All trade and other receivables are current, management consider the carrying amounts recognized in the balance sheet to be reasonable approximation of their fair value due to the short term duration

Movement in allowance for doubtful trade and other receivables is as follows:

Balance at beginning of the financial year	692.568	434.241
Allowance for the financial year	71.905	201.116
Foreign exchange difference	(10.365)	57.212
Balance at the end of the financial year	**754.108**	**692.568**

Top five trade and other receivables:

Account receivables

Customer name	Relation with CNPV	Nature	2009 EUR
SET GmbH	Customer	Sales	7.607.693
GalipSolar	Customer	Sales	2.069.835
SiSolar	Customer	Sales	809.111
SALSOLAR	Customer	Sales	368.813
Suninteractiv	Customer	Sales	355.175

Paid in advance to suppliers

Customer name	Relation with CNPV	Nature	2009 EUR
JA Solar Holdings Co., Ltd.	Supplier	Purchase of Materials	4.494.466
Xinyu Construction Co., Ltd.	Supplier	Purchase of equipment	3.396.090
Shinsung Holding Company	Supplier	Purchase of equipment	619.712
Changzhou Isovolta Synthetic Materials Co. Ltd	Supplier	Purchase of Materials	549.834

NOTE 17 – DUE FROM/TO RELATED PARTIES

These amounts are non-trade in nature, unsecured, interest free and repayable on demand.

NOTE 18 – CASH AND CASH EQUIVALENT

	2009 EUR	**2008 EUR**
Cash	13.102	10.892
Cash in bank	10.580.184	894.527
	10.593.286	**905.419**

NOTE 19 – DEFERRED INCOME

	2009 EUR	**2008 EUR**
Cost		
Balance as at January 1	1.016.717	920.649
Received during the year	-	-
Foreign exchange difference	(12.083)	96.068
Balance as at December 31	1.004.634	1.016.717

NOTE 19 – DEFERRED INCOME (continued)

	2009 EUR	2008 EUR
Accumulated amortization		
Balance as at January 1	49.141	26.085
Amortization during the year	20.707	19.198
Foreign exchange difference	(1.199)	3.858
Balance as at December 31	68.649	49.141
Net carrying value	935.985	967.576
Current	20.093	20.334
Non - current	**915.892**	**947.242**

Deferred income related to government grant received for acquisition of a piece of land to build the production line. There are no unfulfilled conditions and contingencies attached to the grants.

NOTE 20 – SHORT-TERM LOAN

	2009 EUR	2008 EUR
Loans from bank	17.632.428	2.192.141
Loans from others	3.580.500	3.623.564
	21.212.928	**5.815.705**

As at December 31, 2009, the average effective interest rates on these short-term loans were ranged from 5,63% to 11,68% per annum.

Due to the short term duration, management considers the carrying amount of short term loan to be reasonable approximation of their fair value.

NOTE 21 – LONG-TERM BORROWINGS

As at December 31, 2009, the group has long-term loans from bank for an amount of EUR 5.115.000 (as at December 31, 2008: EUR 0).

The credit limit granted by the banks is as follow:

Lender	Usage	Interest rate (yearly) %	Start date	Due Date	Amount of the authorization	Contract No.	Warrantor
Shandong Rongshihua Leasing Company Ltd.	Purchase equipments	20,44%	28/09/2009	27/03/2013	40.000.000	JN231072090152	Shandong Zhongkai Construction Copmany Ltd.
Finance bureau of Dongying City	Complement working capital	5,346%	02/12/2009	10/06/2017	10.000.000	2009002	Shandong Jianda Construction Company Ltd.

NOTE 22 – TRADE AND OTHER PAYABLES

	2009 EUR	2008 EUR
Trade payables	7.221.358	4.038.130
Advance from customers	238.657	295.573
Other tax payable	0	561.737
Other payable and accruals	809.899	625.523
Total financial liabilities, excluding short-term loan, due to related parties and income tax payable, current deferred income classified as financial liabilities	**8.269.914**	**5.520.963**

Other tax payable mainly consisted of entitlement of VAT refund from local tax bureau. The fair value of trade and other payables have not been disclosed as due to their short term duration, management considers the carrying amounts recognized in the balance sheet to be reasonable approximation of their fair value.

NOTE 23 – SHARE CAPITAL

The Company was incorporated with an authorized and issued share capital of EUR 150.000 divided into 1.500.000 shares with a nominal value of EUR 0,10 each.

The Annual General Meeting decided to increase the share capital of the company by issuance of 3.160.000 new shares with a nominal value of EUR 0,10 each with a share premium of EUR 7.584.000 (EUR 2,40 per share) against the contribution in kind represented by 100% of the share capital (10.000 shares) of CNPV SOLAR POWER GROUP CO. LTD. (Hong Kong) valued at EUR 7.900.000.

On August 12, 2008, the Board of Directors proposed to increase the share capital for an amount of EUR 43.402,80 in order to raise its capital from EUR 466.000,00 to EUR 509.402,80 by the creation of 434.028 new shares with a par value of EUR 0,10 and a share premium amounting to EUR 5.078.127,60. The subscription of this capital increase is paid in cash.

As at December 31, 2008, the share capital of the company amounts to EUR 509.402,80 represented by 5.094.028 shares with a par value of EUR 0,10.

There are no changes of shares in the year of 2009.

NOTE 24 – EARNINGS PER SHARE

Both the basic and the diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company as the numerator, ie no adjustments to profit were necessary in 2008 or 2009.

The weighted average number of outstanding share used for basic and diluted earnings per share amounted to 5.094.028 shares (2008: 5.094.028 shares).

NOTE 25 – COMMITMENTS

Operating lease commitment

As at each of the balance sheet dates, the future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognized as liabilities, are as follows:

	2009 EUR	2008 EUR
Within one year	10.353	10.353
After one year but before five years	-	10.353
	10.353	**20.706**

The cash amount of RMB 9.082.500 present as of December 31, 2009 on the account owned in the Construction bank is pledged.

NOTE 26 – RELATED PARTIES

In addition to those related party information disclosed elsewhere in the financial statements, the following related parties have been identified:

(a) Relationship between the related parties:

Name of related party	Relationship
Dongying Jianxun Industrial Trading Co. Ltd.	Common legal representative
Bright Glory Industrial Limited	Investor
Primeast	Investor
Riemann Investment Holdings Limited	Investor

(b) Amounts due from and to related parties are as follows:	2009 EUR	2008 EUR
Due from related parties - Non trade	2.723.615	5.162
Due from related parties - Trade	-	5.770.007
Due from director	166.819	-
Due from holding company	124.425	168.778
Due to related parties - Non trade	2.130.832	32.320

(c) During the period, the Company made the following transactions with related parties:

		2009 EUR	2008 EUR
Riemann Investment Holdings Limited.	Commission fee	-	203.400
Riemann Investment Holdings Limited.	Consulting fee	-	19.656
Dongying Jianxun Industrial Trading Co. Ltd.	Operating lease expenses	10.543	9.775

(d) Directors' remuneration is disclosed in Note 7.

NOTE 26 – RISK MANAGEMENT

In common with all other business, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive change in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Bank borrowings

All financial assets are designated as loans and receivables (note 14) and all financial liabilities are measured at amortized cost.

General objective, policies and procedures

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's Finance Director.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

(a) Credit Risk

Credit risk arises principally from the Group's trade and other receivables.

The Group distinguishes its clients by two kinds of credit line. One is 100% credit and the other is nil credit.

The Group controls the credit risk from the clients of nil credit through prepayment before goods are transferred to them.

Trade and other receivables presented in the balance sheet are net of an allowance for doubtful receivables, estimated by management based on current economic conditions. The net of an allowance for doubtful receivable presents the Group's maximum exposure to credit risk.

(b) Liquidity Risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy as regards liquidity is to ensure sufficient cash resources are maintained to meet short-term liabilities. To achieve this aim, the group improved receivables turnover rations by requiring customers who do not pay within allowed credit terms, to pay interest on top of their debt. The Group also seeks to reduce liquidity risk by obtaining high credit ratings from banks. The Group has no defaults or breaches on its financial liabilities.

(c) Interest rate risk

Interest rate risk arises from the potential changes in interest rates that may have an adverse effect on the Group in the current reporting period and in future years.
The Group is exposed to interest rate risk through the impact of change in interest rates on interest bearing debts and interest-bearing cash. Other than the bank deposits and borrowings, the Group has no other significant interest-bearing assets and liabilities. The Group's policy is to secure all to its borrowings at fixed borrowing rates

(d) Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) and price of lead ingot (price risk).

(e) Price risk

The Group's balance sheet and income statement is exposed to the price of PV Cell, the main raw material used by the Group in its production process. The Group initiated negotiations with the trading companies who own wider scope of PV Cell suppliers and sign long-term corporation contracts, resulting in a linkage to the price of PV Cell, which effectively alleviated pressure arising from the increase in the raw material price by passing it on to the customer, by agreement.

(f) Capital

The Group considers its capital to comprise its ordinary share capital and accumulated retained earnings. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. The Group has historically considered a mix of debt and equity funding as the most appropriate form of capital for the Group.

NOTE 27 – GENERAL RISKS FACTORS

(a) Alternative photovoltaic technologies could reduce market share and cause sales and profit to decline:

Thin film solar modules are estimated to represent 30% of the total market in near future. Thin film solar modules require few or even no amounts of poly-silicon. Their prices are typically lower than crystalline solar modules. If CNPV can not develop thin film technology successfully, we might lose the market opportunity.

(b) Other alternative technologies:

Such as hydro, biomass, wind and even solar thermal technologies

(c) Government policy changes:

Detrimental impact on demand for solar modules if government subsidies be reduced or eliminated

(d) Current industry-wide shortage of silicon raw materials:

Current industry-wide shortage of silicon raw materials due to limited suppliers and growing demand may constrain company's revenue growth and decrease gross margin and profitability.

(e) Dependence on a limited number of suppliers:

If the company fails to develop or maintain existing relationship with major suppliers, CNPV may be unable to manufacture products or operating at a higher cost or after a long delay.

(f) Dependence on a limited number of customers:

The Group ~~company~~ expects to sell substantial portion of products to a limited number of customers according to the signed contracts during 2009. This may cause material fluctuations or declines in revenue due to reduction or cancellation of orders, delay of payments and etc.

(g) Highly competitive market:

If the competitors have greater resources, the Group ~~company~~ may not be able to compete successfully and may not be able to gain or even lose market share.

(h) Dependence on company's ability to increase manufacturing capacity and output:

Group's future success significantly depends on the ability to increase manufacturing capacity to 200MW in 2009 and total output to serve the current signed order. This ability is subject to many risks and uncertainties such as additional funds, delays of approvals by authorities, raw materials and etc.

(i) Fluctuations in exchange rate could adversely affect business:

A substantial portion of our costs and expense are denominated in Renminbi, while the major sales will be denominated in Euros during 2009 according to current contracts.

(j) Dependence on key management members

The Group's business and operations are highly dependent on a few key management members. This may result in risks if those management members leave the company.

(k) Risks related to limited insurance policies

Problems with product quality or product performance could result in a decline in customer numbers and revenue, unexpected expenses and loss of market share.

(l) Risks related to doing business in China

Risks due to restrictions on currency exchange, fluctuation in the value of Renminbi, expiration of preferential tax treatments, changes on related regulations and etc may adversely affect business performance.

NOTE 28 – POST BALANCE SHEET EVENTS

On January 12, 2010 Dongying acquired 70% of the outstanding shares of CNPV Korea Company Limited for USD 123.300 to develop business in Korea.

On April 24, 2009, Dongying had purchased land and entered an official contract with the Dongying Stated Land Bureau in the amount of RMB 151.200.000 to develop a photovoltaic power station. On January 27, 2010, Dongying had acquired the "Land Use Right Certificate" issued by the Ministry of Land and Resources.

On February 2, 2010, Dongying invested an additional RMB 64 million in TaiHe, after which the balance of paid-in capital in Taihe is RMB 69 million.

On March 26, 2010, Dongying obtained a short-term loan from a commercial lender for RMB 35 million to be used to increase production capacity. The loan is due June 25, 2010 and bears a monthly interest rate of 1,5%.

NOTE 29 – SIGNIFICANT CONTRACTS

The Group ~~Company~~ has concluded the following significant contracts from January 1st, 2009, to December 31st, 2009.

29.1 Sales Agreements

1. On September 25, 2009, several Sales Agreements on selling Monocrystalline Solar Cells PV module were signed by and between Dongying Photovoltaic Power Co., Ltd and SET GmbH, total price: EUR 3.244.752,00.

2. On November 23, 2009, several Sales Agreements on selling Monocrystalline Solar Cells PV module were signed by and between Dongying Photovoltaic Power Co., Ltd and SET GmbH, total price: EUR 5.310.950,40.

3. On November 22, 2009, several Sales Agreements on selling Monocrystalline Solar Cells PV module were signed by and between Dongying Photovoltaic Power Co., Ltd and GALIP GmbH, total price: EUR 4.402.944,00.

4. On October 9, 2009, several Sales Agreements on selling Monocrystalline Solar Cells PV module were signed by and between Dongying Photovoltaic Power Co., Ltd and STAND-BY Europe s.r.o., total price: EUR 4.463.157,60.

29.2 Purchase Agreements

1. On November 28, 2009, a Purchase Agreement on purchasing solar cells was signed by and between Dongying Photovoltaic Power Co., Ltd and Shanghai JingAo Solar Co., Ltd, purchase quantity: 1.132.075 units of 2.65 W solar cells, price: RMB 21.600.000.

2. On November 28, 2009, a Purchase Agreement on purchasing solar cells was signed by and between Dongying Photovoltaic Power Co., Ltd and Shanghai JingAo Solar Co., Ltd, purchase quantity: 1,250,000 units of 4.03 W solar cells, price: RMB 37.500.000.

3. On October 7, 2009, a Purchase Agreement on purchasing solar cells was signed by and between Dongying Photovoltaic Power Co., Ltd and KPE Co., Ltd, purchase quantity: 600.000 units of 3.80W solar cells, price: RMB 2.858.240.

4. On March 26, 2010, Dongying obtained a short-term loan from a commercial lender for RMB 35 million to be used to increase production capacity. The loan is due June 25, 2010, and bears a monthly interest rate of 1, 5%.

29.3 Loan agreements

The credit limit granted by the banks are as following:

Lender	Usage	Annual interest rate %	Start date	Due Date	Amount of the authorization	Contract No.	Warrantor
Commercial Bank of Dongying City	Complement working capital	8,50%	19/01/2009	18/01/2010	10.000.000	200901190005	
Rural credit association	Purchase raw material	11,68%	28/02/2009	20/02/2010	20.000.000	DXSLHHJZ (2009) No.00230	Shandong Haike Group
Rural credit association	Purchase raw material	10,09%	04/08/2009	10/07/2010	10.000.000	DXSLHHJZ (2009) No.00410	Shandong Shantai Group
Agricultural Bank of China	Complement working capital	6,90%	17/06/2009	16/06/2010	30.000.000	37101200900007 810	Shandong Shantai Group
Agricultural Bank of China	Purchase raw material	6,37%	22/09/2009	21/09/2010	20.000.000	37101200900013 125	Shandong Shantai Group
Shandong Rongshihua Leasing Company Ltd.	Purchase equipments	20,44%	28/09/2009	27/03/2013	40.000.000	JN231072090152	Shandong Zhongkai Construction Copmany Ltd.
Finance bureau of Dongying City	Complement working capital	5,35%	02/12/2009	10/06/2017	10.000.000	2009002	Shandong Jianda Construction Company Ltd.